Note 7- Leases (Continued)

Capital Leases-Primary Government (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and Equipment	$ 4,842	$ -
Vehicles and Related Equipment	-	620
Less: Accumulated Depreciation	(339)	(375)
Total	**$ 4,503**	**$ 245**

The future minimum lease payments and the net present value on these minimum lease payments as of December 31, 2008, are as follows:

Year Ending December 31	Governmental Activities	Business-type Activities
2009	$ 578	$ 158
2010	578	108
2011	578	-
2012	578	-
2013	578	-
2014-2017	2,401	-
Sub-totals	5,291	266
Less: Amount Representing Interest	(788)	(21)
Present Value of Future Minimum Lease Payments	**$ 4,503**	**$ 245**

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Note 8- Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	$ 414,503	$ 30,675	$ (43,791)	$ 401,387	$ 44,967
Add (Subtract) Deferred Amounts for:					
Premium	6,728	31	(1,298)	5,461	-
Discount	(881)	-	100	(781)	-
Loss on Refunding	(7,094)	-	1,270	(5,824)	-
Accretion	9,595	-	980	10,575	-
Sub-totals Bonds Payable	422,851	30,706	(42,739)	410,818	44,967
Other Liabilities					
Pension Obligation	24,369	48,910	(34,913)	38,366	6,540
Unfunded Claims and Judgments	20,000	1,875	(1,875)	20,000	1,000
Landfill Post-closure Costs	4,235	10	-	4,245	395
Pollution Remediation Costs	-	315	-	315	-
Compensated Absences	52,425	26,619	(26,874)	52,170	24,184
Risk Claims	8,989	8,190	(6,612)	10,567	7,007
Other Post Employment Benefits	47,616	124,793	(67,496)	104,913	-
Capital Leases	-	4,842	(339)	4,503	426
Sub-total Other Liabilities	157,634	215,554	(138,109)	235,079	39,552
Total Governmental Activities Long-term Liabilities	**$ 580,485**	**$ 246,260**	**$ (180,848)**	**$ 645,897**	**$ 84,519**
Business-type Activities:					
Bonds Payable					
General Obligation Bonds	$ 29,353	$ 185	$ (3,240)	$ 26,298	$ 3,579
Revenue Bonds	183,935	-	(7,415)	176,520	7,520
Add (Subtract) Deferred Amounts for:					
Premium	3,433	-	(531)	2,902	-
Discount	(2,773)	-	471	(2,302)	-
Loss on Refunding	(451)	-	80	(371)	-
Accretion	191	-	20	211	-
Sub-totals Bonds Payable	213,688	185	(10,615)	203,258	11,099
Other Liabilities					
Compensated Absences	12,310	5,620	(5,148)	12,782	6,372
Risk Claims	13,365	249	(5,101)	8,513	5,177
Other Post Employment Benefits - Transit	-	15,137	(15,137)	-	-
Other Post Employment Benefits - Airport	1,906	2,191	-	4,097	-
Capital Leases	400	-	(155)	245	144
Sub-total Other Liabilities	27,981	23,197	(25,541)	25,637	11,693
Total Business-Type Activities Long-term Liabilities	**$ 241,669**	**$ 23,382**	**$ (36,156)**	**$ 228,895**	**$ 22,792**

Note 8- Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

Compensated Absences consist of the following:

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Governmental Activities:					
Retirement sick pay payout	$ 27,320	$ 5,017	$ (1,769)	$ 30,568	$ 2,582
Vacation time earned	20,563	18,638	(20,563)	18,638	18,638
Overtime earned	1,897	1,196	(1,897)	1,196	1,196
Holiday pay	2,645	1,768	(2,645)	1,768	1,768
Total Compensated Absences - Governmental Activities	**$ 52,425**	**$ 26,619**	**$ (26,874)**	**$ 52,170**	**$ 24,184**
Business-type Activities:					
Retirement sick pay payout	$ 7,270	$ 310	$ (106)	$ 7,474	$ 1,064
Vacation time earned	4,774	4,908	(4,776)	4,906	4,906
Overtime earned	70	333	(70)	333	333
Holiday pay	196	69	(196)	69	69
Total Compensated Absences - **Business-type Activities**	**$ 12,310**	**$ 5,620**	**$ (5,148)**	**$ 12,782**	**$ 6,372**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end $ 68,211 of internal service funds long-term liabilities are included in the above figures. Also, for the governmental activities, claims and judgments and compensated absences are liquidated as they come due for payment and their adjustments are made at year end based on a detailed reevaluation of the account. As claims and judgments expenditures are incurred the general fund is used to liquidate the costs.

Risk claims includes accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System.

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. At December 31, 2008, the outstanding amount of claims and judgments due within one year totaled $ 1,000.

State and federal laws require the County to perform certain maintenance and monitoring functions at all of its solid waste landfill sites. Since all of the County's eleven landfill sites are no longer accepting waste, the total future costs of

Note 8- Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

$ 4,245 has been identified for maintenance and monitoring functions in accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The funding for these post-closure costs will be included in future County tax levies.

In accordance with GASB Statement No. 49, the County has recorded a long-term liability for its estimated pollution remediation costs. At December 31, 2008, the estimated liability for pollution remediation costs totaled $ 315. These costs are related to cleanup of underground petroleum contamination on County-owned land.

Governmental Activities

Proceeds from general obligation bonds issued during the year are budgeted for and recorded within the Capital Projects Fund and subsequently allocated to Business-Type Funds, where appropriate.

General obligation bonds are secured by the full faith; credit and unlimited taxing power of the County and are used to finance capital projects. General obligation bonds recorded in the Governmental Funds will be retired by future property tax levies and other resources accumulated in the Debt Service Fund.

Governmental Activities
General Obligation Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/08	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	$ 56,493	$ 7,926	$ 12,640
General Obligation Museum Refunding Bonds, Series 1999A	05/27/99	10/01/13	4.67%	2,290	905	134
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	31,030	11,737	1,262
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	45,622	3,272	164
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	44,860	3,132	168
Refunding Bonds (Taxable), Series 2001A	06/01/01	12/01/11	6.06%	2,610	750	94
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	46,467	16,823	1,082

Note 8- Long-term Liabilities (Continued)

Governmental Activities (Continued)

Governmental Activities
General Obligation Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/08	Interest to Maturity
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	$ 37,830	$ 18,310	$ 4,120
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	56,894	14,190	1,064
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	36,926	20,531	5,270
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	93,515	93,515	17,431
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	23,520	15,411	4,405
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	25,233	19,517	5,037
Wisconsin Trust Loan	05/19/04	03/15/09	6.00%	19,167	4,271	252
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	23,660	20,177	6,373
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	59,675	59,178	11,335
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	30,776	28,170	10,923
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	32,422	31,897	11,096
Wisconsin Trust Fund Loan	09/01/07	03/15/17	5.25%	1,000	1,000	319
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	30,675	30,675	12,064
Total Governmental Activities Debt					**$ 401,387**	**$ 105,233**

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 4.22% including .64% related to direct County indebtedness at December 31, 2008. Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2008 under Wisconsin Statutes, the County could borrow an additional $ 2,973,942.

At December 31, 2008, the weighted average interest rate of general obligation bonds and notes outstanding was 3.97%.

Note 8- Long-term Liabilities (Continued)

Governmental Activities (Continued)

The maturities of the outstanding principal and related interest requirements are as follows:

December 31	Principal	Interest	Total Debt Service Requirements
2009	$ 44,967	$ 21,438	$ 66,405
2010	44,521	18,830	63,351
2011	44,122	17,822	61,944
2012	47,721	11,232	58,953
2013	48,091	9,261	57,352
2014-2018	133,597	22,615	156,212
2019-2023	38,368	4,035	42,403
Total Debt Service	**$ 401,387**	**$ 105,233**	**$ 506,620**

On June 1 2008, the County issued $ 30,860 of General Obligation Corporate Purpose Bonds, Series 2008A. Total proceeds of $ 30,901 (par amount of bond issue of $ 30,860, net premium of $ 31, plus accrued interest of $ 10) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County purposes pursuant of the County's 2008 Adopted Capital Improvement Budget. The bonds of $ 30,675 and $ 185 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively. Major expenditure categories include:

Legislative, Executive and Staff	$ 857
General Governmental Services	1,017
Public Safety	1,152
Public Works and Highways	8,333
Human Services	1,871
Parks, Recreation and Culture	11,047
Other Capital Projects	6,583
Total	$ 30,860

These bonds have semi-annual interest payments on June 1 and December 1 through 2023. The interest rate is 3.0% for 2009 through 2013, 3.25% from 2014 through 2015, 3.50% from 2016 through 2017, 4.00% from 2018 through 2020, 4.25% from 2021 through 2022,and 4.50% in 2023.

Note 8- Long-term Liabilities (Continued)

Business-type Activities

The County has pledged future airport revenues generated from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport, net of specified operating expenses, to repay $184,213 of revenue bonds issued in previous years. Proceeds from the revenue bonds provided financing for capital improvements. The bonds are payable solely from net revenues and deposits made to the Coverage Fund, and are payable through December 31, 2032. The Coverage Fund is equal to 25% of the highest annual revenue bond debt service amount. Net revenues plus Coverage Fund assets are required to cover a minimum of 125% of annual debt service for the revenue bonds. Principal and interest paid for the current year and net revenues plus Coverage Fund assets were $16,876 and $25,155, respectively, resulting in net revenues plus Coverage Fund assets of 149% of annual debt service for 2008. The total principal and interest remaining to be paid on the bonds is $280,779.

Business-type Activities
General Obligation and Revenue Bond Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/08	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	$ 1,207	$ 158	$ 252
General Obligation Airport Bonds, Series 1999A	05/01/99	10/01/14	4.60%	6,825	2,730	451
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	4,803	303	15
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	1,695	603	65
General Airport Revenue Bonds, Series 2000A	06/01/00	12/01/25	5.80%	83,565	62,445	32,912
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	2,365	168	9
Airport Refunding Bonds, Series 2001A	10/01/01	12/01/11	4.47%	1,450	435	39
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	3,458	1,252	81
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	3,495	1,690	380
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	6,056	1,510	113
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	4,299	2,194	563
General Airport Revenue Bonds, Series 2003A	01/01/03	12/01/22	4.88%	7,125	5,250	2,035
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	6,510	6,510	1,213

Note 8- Long-term Liabilities (Continued)

Business-type Activities (Continued)

Business-type Activities
General Obligation and Revenue Bond Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/08	Interest to Maturity
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	$ 2,430	$ 1,914	$ 547
General Airport Revenue Bonds, Series 2004A	03/31/04	12/01/29	4.47%	37,360	33,690	19,662
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	1,717	1,438	371
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	950	873	283
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90%	29,010	28,645	21,863
Airport Refunding Bonds, Series 2005B	12/22/05	12/01/14	3.65%	7,755	5,470	792
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	3,350	3,322	636
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	819	810	324
General Airport Revenue Bonds, Series 2006A	11/16/06	12/01/31	4.60%	25,665	25,045	17,254
Airport Refunding Bonds, Series 2006B	10/01/06	12/01/15	4.08%	5,020	2,790	515
General Airport Revenue Bonds, Series 2007A	11/15/07	12/01/32	4.60%	13,445	13,185	9,221
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	203	203	74
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	185	185	79
Total Business-Type Debt					**$ 202,818**	**$ 109,749**

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Note 8- Long-term Liabilities (Continued)

Business-type Activities (Continued)

The maturities of the outstanding principal and related interest requirements are as follows:

December 31	Principal	Interest	Total Debt Service Requirements
2009	$ 11,099	$ 10,311	$ 21,410
2010	10,899	9,798	20,697
2011	10,751	9,297	20,048
2012	11,127	8,679	19,806
2013	11,317	8,133	19,450
2014-2018	48,445	32,684	81,129
2019-2023	45,144	20,489	65,633
2024-2028	38,465	8,975	47,440
2029-2032	15,571	1,383	16,954
Total Debt Service	**$ 202,818**	**$ 109,749**	**$ 312,567**

Business-type Activities- Revenue Bonds

On November 15, 2007, the County issued $13,445 of Airport Revenue Bonds, Series 2007A.The 2007 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2007 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2007 Bonds. The 2007 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2007A interest rate is 5.0% for 2008 through 2019, 4.13% for 2020, 4.25% for 2021 through 2022, 4.5% for 2023 through 2027, and 5.0% for 2028 through 2032.

On November 16, 2006, the County issued $25,665 of Airport Revenue Bonds, Series 2006A.The 2006 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1,

Note 8- Long-term Liabilities (Continued)

Business-type Activities- Revenue Bonds (Continued)

2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2006 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2006 Bonds. The 2006 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2006A interest rate is 4.0% for 2008 through 2016, 5.00% for 2021 through 2031.

On December 22, 2005 the County issued $29,010 of Airport Revenue Bonds, Series 2005A.The 2005 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds, and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2005 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2005 Bonds. The 2005 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2005A interest rate is 4.0% for 2006 through 2014, 5.25% for 2015 through 2026, 4.875% for 2027 through 2029, and 4.7% for 2030. The Series 2005A Bonds are not callable for redemption prior to December 1, 2016.

On March 31, 2004, the County issued $37,360 of Airport Revenue Bonds, Series 2004A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2004 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2029. The interest rate is 2.0% for 2005 and 2006, 2.5% for 2007, 3.0% for 2008 and 2009, 5.0% for 2010 through 2017, 4.625% for 2018 through 2024, and 4.50% for 2025 through 2029.

On January 1, 2003, the County issued $7,125 of Airport Revenue Bonds, Series 2003A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2003 Bonds are not a general obligation of the County, nor will the County be obligated to levy any

Note 8- Long-term Liabilities (Continued)

Business-type Activities- Revenue Bonds (Continued)

taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2022. The interest rate is 3.0% for 2004 through 2006, 3.25% for 2007 and 2008, 3.75% for 2009, 4.00% for 2010, 4.25% for 2011, 4.50% for 2012, 4.625% for 2013, 5.0% for 2014-2016, 5.25% for 2017-2019, and 5.5% for 2020 through 2022.

On June 22, 2000, the County issued $83,565 of Airport Revenue Bonds, Series 2000A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2000 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2020 with $18,350 term bonds due December 1, 2025. The interest rate is 5.50% for 2003 through 2004, 5.00% for 2005, 5.75% for 2006 through 2008, 5.25% for 2009 through 2010, 5.75% for 2011, and 6.00% for 2012 through 2020. The interest rate is 5.75% for the term bonds due December 1, 2025.

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation bonds and Airport revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the County's financial statements. At December 31, 2008, $41,410 of bonds outstanding is considered defeased.

Debt Issued on Behalf of Other Entities/ Conduit Debt

In 2003, the County guaranteed $ 14,200 of loans for a local corporation. The loans are secured by mortgages and a cash trust of $ 5,906 on certain buildings. The loan and guarantee remain unchanged.

In 2004, the County provided a guarantee of $ 1,000 of the $ 3,200 loan of a non-profit corporation for the purchase of a building. The guarantee is secured by a second mortgage on the purchased building. The guarantee decreases over the term of the loan and is currently $ 200.

In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 (TID) in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of $8,860

Note 8- Long-term Liabilities (Continued)

Debt Issued on Behalf of Other Entities/ Conduit Debt (Continued)

to fund infrastructure development costs in TID #2. In 2004, the Wauwatosa Redevelopment Authority issued lease revenue bonds of $ 24,500 for construction of facilities at the Milwaukee County Research Park located in TID #2. In 2007, the Wauwatosa Redevelopment Authority retired $7,100 of principal remaining on the 1997 bonds with redevelopment refunding lease revenue bonds of $6,200. The County has agreed to guarantee the payment of the lease revenue bonds, if the tax increments generated by Tax Incremental District #2 are insufficient to pay principal and interest due on the 2004 and 2007 notes. The 2004 and 2007 redevelopment lease notes outstanding as of December 31, 2008 was $ 22,325 and $ 6,200, respectively.

Note 9- Net Assets

Governmental Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Debt Service	$	10,757
Net Assets- Restricted for Aging CMO		6,142
Net Assets- Restricted for Airport – PFC and Debt		34,082
Net Assets- Restricted for Health & Safety		136
Net Assets- Restricted for Zoo		685
Net Assets- Restricted for Parks		1,072
Net Assets- Restricted for Persons with Disabilities		128
Net Assets- Restricted for Behavioral Health Division		9,344
Total Net Assets - Restricted - Governmental Activities	**$**	**62,346**

Business-type Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Revenue Bonds	$	14,000
Net Assets- Restricted for Capital Asset Needs at the Airport		5,115
Total Net Assets - Restricted - Business-type Activities	**$**	**19,115**

Note 9- Net Assets (Continued)

Discretely Presented Component Units

Restricted net assets for the Marcus Center for the Performing Arts, the Milwaukee County Research Park, and the War Memorial Center consist of the following:

Restricted Building Account-War Memorial	$	69
Restricted for Programming Events- Marcus Center for the Performing Arts		14
Research Development Fund-Research Park		182
Total	**$**	**265**

Restricted net assets for the Milwaukee Public Museum consist of the following:

Temporarily Restricted		
Exhibits and Museum Renovations	$	531
Educational Lecture Costs		99
Purchase and Maintenance of Collections		666
Restricted for time		564
Held by Friends of the Museum		60
Capital Campaign		3,552
Endowment Fund		
Purchase and Maintenance of Collections		435
Internship Programs		31
Total Temporarily Restricted Assets	**$**	**5,938**
Permanently Restricted		
Operations	$	1,075
Special Exhibits		1,237
Starr Adventure and Internship		71
Total Permanently Restricted Assets	**$**	**2,383**

Note 10- Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employee or natural disasters. The County uses a Risk Management Fund, which is presented as an internal service fund, to account for the financing of uninsured risks of loss. The County is self-insured for worker's compensation. In accordance with Wisconsin Statues, the County's overall exposure for general liability and automobile liability is limited to $ 50 and $ 250 per person respectively. The County purchases commercial insurance to cover a substantial portion of the potential general liability, automobile liability and discrimination claims. The County also purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims from insured

Note 10- Risk Management (Continued)

losses have not exceeded commercial insurance coverage for each of the past three years.

All funds of the County except for the Transit System participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board Statement No 10, a liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claims liability at December 31, 2008 was $ 10,567.

The County has recognized $ 10,567 of claims liabilities in the Risk Management Fund. The Risk Management Fund has $ 10,567 of cash to pay for this liability. Changes in the balances of claim liabilities during the past two years are as follows:

	Year ended 12/31/2008	Year ended 12/31/2007
Beginning of year Liability	$ 8,989	$ 8,448
Current Year Claims and Changes in Estimates	8,190	6,181
Claims Payments	(6,612)	(5,640)
End of Year Liability	**$ 10,567**	**$ 8,989**

The claims liability for the Transit System at December 31, 2008 was $ 8,513. The Transit System has recognized $ 8,513 of claims liability in the Transit System fund. Changes in the Transit System balances of the claims liability for the past two years are as follows:

	Year ended 12/31/2008	Year ended 12/31/2007
Beginning of year Liability	$ 13,365	$ 14,459
Current Year Claims and Changes in Estimates	249	11,835
Claims Payments	(5,101)	(12,929)
End of Year Liability	**$ 8,513**	**$ 13,365**

Note 11- Related Party Transactions

Milwaukee County provides funds required for the operation of the War Memorial Center, Charles Allis/ Villa Terrance Art Museums and Marcus Center for the Performing Arts. To the extent these funds exceed actual disbursements, such excess is required to be returned to Milwaukee County. Milwaukee County and

Note 11- Related Party Transactions (Continued)

the War Memorial Center agreed that when revenues exceed budget, the War Memorial Center is permitted to create a reserve account whereas up to $ 25 can be deposited annually. These funds are to be used in future years for the War Memorial Center's operational needs. Total appropriations received by the Memorial for 2008 were $ 1,748. Interest earned on the investment of excess funds is not considered to be revenue, which must be returned to Milwaukee County. Milwaukee County has agreed to permit this interest income to be used at the discretion of the Board of Trustees for the benefit of their respective operations.

The Milwaukee County Treasurer's office acts as the trustee for the Charles Allis Art Museum Trust. Distributions from the trust totaling $ 10 were made to the Memorial during 2008.

Effective January 1, 2006, the Marcus Center for the Performing Arts was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity. Total appropriations received by the Marcus Center from Milwaukee County for the fiscal year ending December 31, 2008 were $ 1,280.

Milwaukee County has legal title to the Milwaukee Public Museum building, exhibits and artifacts, including any building improvements and additions funded by the County or the Milwaukee Public Museum. All such assets are leased to the Milwaukee Public Museum under a long-term lease.

Milwaukee County and the Milwaukee Public Museum entered into an agreement, which provides for the not-for-profit operations and management of the Museum. The agreement, effective March 31, 1992, encompasses (1) the lease and management of the Museum and (2) the transition of employees to MPM, Inc. The lease and management agreement includes annual rental payments of $10.00 (ten dollars) and is renewable every five years through March 31, 2042. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The agreement also provides for substantially equivalent employee benefits for all employees then employed by the County who became employees of MPM, Inc. in 1992.The County is responsible for, among other items, any special assessments, structural repairs and capital projects. The agreement also requires the County to pay annual support. As a result of the amendment to the agreement in fiscal 1999, the base annual support level of $ 4,300 since April 1992 remained in effect through March 21, 2002, at which time the County and MPM, Inc. were required to renegotiate a new base level funding agreement.

An amendment was made to the lease agreement in 2005, which committed the County to $3,381 of base level funding. In 2007, the lease agreement was

Note 11- Related Party Transactions (Continued)

amended again as part of a recovery plan for the Milwaukee Public Museum. The amendment provides for base annual operating support of $ 3,502 per year for 10 years beginning in 2008 and ending in 2017. In addition, the County committed to a minimum of $ 4,000 of in capital expenditures over a period of five years, from 2008 to 2012 for infrastructure and deferred maintenance projects. Total payments for the Milwaukee Public Museum's years ended August 31, 2008, and 2007 was $ 3,444 and $ 3,385, respectively.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a ground lease for 100 years commencing March 24, 1993 at $ 1.00 (one dollar) per year. This lease covers approximately 158 acres consisting of the southwest quadrant, the Watertown Plank Road Park and Ride Lot and approximately 15 acres of northeast quadrant of the Milwaukee County grounds located in Wauwatosa, Wisconsin.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a lease, dated March 15, 1993 to manage and sublease the Technology Innovation Center (TIC), also known as M-1. By an agreement, dated September 30, 1998, the lease was extended through September 30, 2003 with three additional five-year option periods commencing October 1, 2003. On July 18, 2000, the Milwaukee County Research Park Corporation exercised the first option period extending the lease through September 30, 2008. In June of 2008, the Corporation exercised the second option period extending the lease through September 30, 2013. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires the Milwaukee County Research Park Corporation to charge annual base rentals of not less than $ 7.50 (seven dollars and 50 cents) per tenant occupied space foot, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs, the Milwaukee County Research Park Corporation will pay Milwaukee County 66-2/3% of the base rent collected.

Note 12- Subsequent Events

In March 2009, the County issued $ 265,000 of 20-year Taxable General Obligation Notes, Series 2009A and $135,000 of 5-year Taxable Note Anticipation Notes, Series 2009B. The net proceeds are being contributed to the Employee's Retirement System of the County of Milwaukee ("ERS") to reduce the Unfunded Actuarial Accrued Liability ("UAAL"). The taxable note proceeds of $ 397,797 were contributed to ERS on April 2, 2009 and were considered a 2008 contribution for actuarial purposes. As a result, the ERS UAAL reported in the Required Supplementary Information declined to $ 88,859 as of January 1, 2009 from $ 397,635 as of January 1, 2008. The January 1, 2009 UAAL is still showing an unfunded balance due to investment losses that occurred in 2008.

Note 12- Subsequent Events (Continued)

In May 2009, the County and the Milwaukee County Employee Retirement System settled its lawsuit against its former actuary in the amount of $ 45,000. It is anticipated that after the payment of attorney fees and other legal costs approximately $ 30,000 will be available for transfer to the Retirement System.

Note 13- Commitments and Contingencies

Claims and Other Legal Proceedings

The County is subject to numerous claims and other legal proceedings incidental to the ordinary course of its operations, including Environmental Protection Agency claims. Although the outcome of these claims and legal proceedings is not presently determinable, in the opinion of the County's corporate counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Storm and Sanitary Sewer System

The County has sanitary sewer and storm sewer systems that it is responsible for on County land. The State Attorney General issued an order that requires monitoring, maintenance, and repair of these systems. The purpose of this order is to ensure that the metropolitan areas sanitary sewer systems receive only sanitary system flow from the County. Storm water shall not be allowed to flow into the metropolitan sanitary system. The order will require future capital and operating commitments. For 2009, the commitment is $ 1,500.

Intergovernmental Awards

Intergovernmental awards are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the County may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, would not be material to the accompanying government-wide and fund financial statements at December 31, 2008.

Note 14- Other Post-employment Benefits

Countywide Program (excluding Transit System)

Description and Provisions

The County administers a single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life

Note 14- Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Description and Provisions (Continued)

insurance contributions for eligible retirees and eligible spouses through the County's self-insured health insurance plans and the County's group life insurance plan. The retiree healthcare and life insurance plans do not issue separate financial reports.

The retiree healthcare benefits are authorized by County Ordinance, Section 17.14. The retirement health benefit is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994, except for certain union groups, which have a later cut off date for this benefit. Retirees with less than 15 years of service pay full premium. Retiree health insurance premiums are charged at different rates than active employees. Retirees may enroll in either a self-insured Health Maintenance Organization (HMO) or a self-insured Preferred Provider Option (PPO). The non-contributory health benefit includes reimbursement of the Medicare Part B premium for retirees and covered spouses. Employees hired on and after January 1, 1994 are responsible for the full cost of the health insurance premiums upon retirement. These employees shall have the full value of their accrued sick allowance at the time of retirement (total hours accrued times the hourly rate at the time of retirement) credited toward the cost of health insurance after retirement. See Note 1.D.6 for information regarding the County's accrued sick leave liability as of December 31, 2008.

The retiree life insurance benefits are authorized by County Ordinance, Section 62.02. Employees hired prior to January 1, 1994 who retire with no break in service from active employee status retain group term life insurance coverage under the same contribution schedule as when actively employed. Life insurance coverage is the amount in force at retirement. A coverage reduction schedule takes effect at age 65 when the plan becomes non-contributory. Employees hired on and after January 1, 1994, except for certain union groups who have a later cut off date, are responsible for the full cost of the life insurance premiums upon retirement.

Funding Policy

The health insurance and life insurance benefits for retirees are financed on a pay-as-you-go basis with current tax levy funds. The County pays 100 percent of the health insurance premium for employees 15 or more years of service that were hired before January 1, 1994. Retirees with less than 15 years of service and employees hired on and after January 1, 1994 are responsible for 100 percent of the health insurance premium after retirement. Employees who retire

Note 14- Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Funding Policy (Continued)

with no break in service from active employee status that were hired before January 1, 1994 pay group term life insurance premiums at the same contribution schedule as when actively employed. Employees hired on and after January 1, 1994 pay 100 percent of the life insurance premiums upon retirement.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period not to exceed thirty years. The following schedules provide the components of the County's 2008 and 2007 OPEB costs:

Schedule of Annual OPEB Costs
For the Year Ending December 31

	2008	2007
Normal Cost	$ 18,392	$ 13,802
Amortization of Unfunded Actuarial Accrued Liability	112,349	95,796
Annual Required Contribution (ARC)	130,741	109,598
Interest on Net OPEB Obligation	2,971	-
Adjustment to the ARC	(6,728)	-
Annual OPEB Cost	**$ 126,984**	**$ 109,598**

Schedule of Employer Contributions
for the Year Ending December 31

	2008	2007
Premiums Paid on Behalf of Retirees	$ 69,178	$ 61,042
Less: Retiree Contributions	(1,682)	(966)
Net Employer Contribution	**$ 67,496**	**$ 60,076**
Percent of Annual OPEB Cost Contributed by Employer	**53.2%**	**54.8%**

Schedule of Net OPEB Obligation
For the Year Ending December 31, 2008

	2008	2007
Net OPEB Obligation - January 1, 2008	$ 49,522	$ -
Annual OPEB Cost	126,984	109,598
Less: Net Employer Contributions	(67,496)	(60,076)
Net OPEB Obligation - December 31, 2008	**$ 109,010**	**$ 49,522**

Note 14- Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the County's OPEB plan was not funded. The actuarial accrued liability for benefits was $1,546,458, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,546,458. The annual payroll of active employees covered by the plan was $118,977, and UAAL as a percentage of covered payroll was 7.7 percent.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and estimates are revised. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. As this is the second year of reporting on the plan's funding progress, only two years of information is presented.

The schedules of funding progress presented in the supplementary schedules were determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Payments
Remaining Amortization Period	28 Years
Asset Valuation Method	Not Applicable

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Note 14- Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Actuarial Assumptions and Methods (Continued)

Additional information as of the latest actuarial valuation follows (Continued):

Actuarial Assumptions:	
Investment Rate of Return	6.0%
Healthcare Cost Trend:	
Less than 65 Years of Age	9.0% Grading Down to 5% at 1% Per Year
65 Years of Age and Older	9.0% Grading Down to 5% at 1% Per Year
Mortality	Sex-Distinct RP2000 Combined Mortality Table
Disability	Graduated Rates Based Upon Current Age
Retirement Age	Estimates Vary Based Upon Historical Experience of the County
Withdrawal	Graduated Rates Based Upon Current Age, Years of Service, and Employment Category
Rate of Salary Increases	Varies from 3.0% to 10.0% Based Upon Current Age and Employment Category

Contributions Required and Contributions Made

The County does not have a formal funding policy for OPEB plans. It funds the costs for retiree health insurance and life insurance premiums on an annual pay-as-you-go basis using property tax levy.

As of December 31, 2008, the County had 6,183 of retirees enrolled in a health plan. The 2008 expenditures for retiree healthcare costs were $ 68,306. The County's 2008 expenditures also included reimbursement of Medicare Part B premiums for health plan retirees of $ 5,900. The total health plan expenditures were offset by $ 1,497 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

As of December 31, 2008, the County had 5,249 retirees enrolled in the group life insurance plan. The 2008 expenditures for the group life insurance plan were $ 872. The total life insurance expenditures were offset by $ 185 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

Transit System Program

Description and Provisions- Transit System Program

Milwaukee Transport Services, Inc. (the "Transit System") provides single-employer defined benefit healthcare and life insurance benefits for retired

Note 14- Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Description and Provisions- Transit System Program (Continued)

employees. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Transit System and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 35. The same benefits are provided to non-represented employees and retirees. Employees hired after July 16, 2007 are not eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire before April 1, 2007 with ten (10) or more years of service are eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2007 with less than twelve (12) years of service will not be eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2009 with less than fourteen (14) years of service will not be eligible for retiree healthcare benefits. Effective July 1, 2007, all participants are required to contribute a portion of their healthcare insurance premium up to a maximum of 10 percent by January 1, 2010. Surviving spouses eligible for Medicare may continue healthcare coverage under the plan provided the surviving spouse pays 100 percent of the healthcare insurance premium. For surviving spouses not eligible for Medicare and dependent children, the Transit System will pay one-half (½) of the healthcare insurance premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least twelve (12) years of service. Retiree healthcare insurance premiums are charged at the same rates as active employees. Retirees may enroll in either of two (2) Health Maintenance Organization plans (HMO) or a Preferred Provider Option plan (PPO).

The Transit System pays the full premiums on a term life insurance policy for all employees who have retired onto pension, at the face value in effect at the time of retirement. The face value for employees retiring before April 1, 2001 range from $500 to $16,500 (five-hundred to sixteen-thousand five-hundred dollars). The face value for employees retiring after April 1, 2001 but before April 1, 2007 is $8,500 (eight-thousand five-hundred dollars). The face value for employees retiring after April 1, 2007 is $9,000 (nine-thousand dollars).

Funding Policy- Transit System Program

The health insurance and life insurance benefits for retirees are recognized under the accrual method of accounting. Under this method retiree healthcare and life insurance benefits are recognized when the benefits are earned by employees. In addition, the Transit System recognizes a portion of the unfunded actuarial accrual liability (UAAL) for the past service costs of its employees and retirees. The UAAL is amortized over thirty (30) years under the level percent

Note 14- Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Funding Policy- Transit System Program (Continued)

method. Under the level percent method, the UAAL is paid off by contributing a fixed percentage of payroll each year. Under this method, the payments are smaller in the initial years and increase over time, as the payroll increases. It is assumed that the active group of employees' size remains constant and that the payroll increases 3 percent per year. It is the Transit System's intent to contribute the annual OPEB expense, after payment of the net retiree healthcare and life insurance premiums, into a trust.

Annual OPEB Cost and Net OPEB Obligation- Transit System Program

The Transit System's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period of thirty (30) years.

The following schedule provides the components of the Transit System's 2008 and 2007 OPEB costs:

Schedule of Annual OPEB Costs
For the Year Ending December 31

	2008	2007
Normal Cost	$ 4,164	$ 5,554
Amortization of Unfunded Actuarial Accrued Liability	10,757	11,635
Annual Required Contribution (ARC)	14,921	17,189
Interest on Net OPEB Obligation	(148)	-
Adjustment to the ARC	364	-
Annual OPEB Cost	**$ 15,137**	**$ 17,189**

Schedule of Employer Contributions
for the Year Ending December 31

	2008	2007
Premiums Paid on Behalf of Retirees	$ 12,046	$ 12,356
Contribution to OPEB Trust	7,000	8,500
Less: Retiree and Survivor Contribution	(1,559)	(1,399)
Less: Medicare Part D	(763)	(424)
Net Employer Contribution	**$ 16,724**	**$ 19,033**
Percent of Annual OPEB Cost Contributed by Employer	**110.5%**	**110.7%**

Note 14- Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Annual OPEB Cost and Net OPEB Obligation- Transit System Program

The following schedule provides the components of the Transit System's 2008 and 2007 OPEB costs (Continued):

Schedule of Net OPEB Obligation
For the Year Ending December 31, 2008

	2008	2007
Net OPEB Obligation - January 1, 2008	$ (1,844)	$ -
Annual OPEB Cost	15,137	17,189
Less: Net Employer Contributions	(16,724)	(19,033)
Net OPEB Obligation - December 31, 2008	**$ (3,431)**	**$ (1,844)**

Funded Status and Funding Progress- Transit System Program

As of December 31, 2008, the most recent actuarial valuation date, the Transit System's OPEB plan was partially funded. The actuarial accrued liability for benefits was $ 201,686, and the actuarial value of assets was $12,678, resulting in an unfunded actuarial accrued liability (UAAL) of $189,008. The annual payroll of active employees covered by the plan was $63,921, and the ratio of UAAL to the covered payroll was 2.96 to 1.

Actuarial Assumptions and Methods- Transit System Program

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and estimates are revised. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. As this is the initial year of reporting on the plan's funding progress, only one year of information is presented.

The schedules of funding progress presented in the supplementary schedules were determined as part of the actuarial valuations at the dates indicated.

Note 14- Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Actuarial Assumptions and Methods- Transit System Program (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	28 Years
Asset Valuation Method	Not Applicable
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Healthcare Cost Trend:	
Healthcare	10% Grading Down to 5.5% at 0.5% Per Year
Prescription Drugs	10% Grading Down to 5.5% at 0.5% Per Year
Mortality	1983 Group Annuity Mortality Table
Disability	Graduated Rates Based Upon Current Age
Retirement Age	Estimates Vary Based Upon Historical Experience of the Transit System
Withdrawal	Graduated Rates Based Upon Current Age Years of Service and Employment Category
Rate of Salary Increases	3% per Year

Contributions Required and Contributions Made- Transit System Program

The Transit System's policy is to fully fund its OPEB plan. The Transit System funds its annual OPEB cost with operating revenues and tax levy support from Milwaukee County and the State of Wisconsin. As of December 31, 2008, the Transit System had 958 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2008 expenditures for the HMO and PPO healthcare plans were $ 11,765. The total HMO and PPO expenditures were offset by $ 1,559 in retiree contributions for certain retirees and survivors who were responsible for the partial or full health benefit premium cost, and $ 763 in Medicare Part D reimbursements.

As of December 31, 2008, the Transit System had 857 retirees enrolled in the life insurance plan. The 2008 expenditures for the life insurance plan were $ 281. There were no employee contributions towards the life insurance plan.

Note 15- Employee Retirement Systems and Pension Plans

Plan Description and Provisions

Milwaukee County has one retirement plan ("Retirement System"), which consists of two different systems that cover two different groups of employees within the Milwaukee County workforce. The systems within the one retirement plan are the Employees' Retirement System of the County of Milwaukee and the OBRA 1990 Retirement System of the County of Milwaukee. All assets accumulated for the payment of benefits within the retirement plan may legally be used to pay any member or beneficiary of two systems within the plan.

Employees' Retirement System of the County of Milwaukee ("ERS") – Substantially all full-time employees of the County are participants in the ERS, which was created by Section 201.24 of the County Ordinances, and which is a single-employer defined benefit pension plan that is substantially non-contributory.

A participant, who terminates employment after five years of credited service is eligible for a deferred vested pension, beginning as of the participant's normal retirement date. The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 and 15 years of service. For all other participants, the normal retirement age is 60, although some labor agreements additionally require at least five years of creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The County ordinance and labor agreements require an employee to be a member prior to a stated date in order to qualify for the" rule of 75". The normal retirement benefit payment for a participant whose continuous membership began prior to January 1, 1982, is equal to 2.5% for elected officials, and 2.0% for all other participants, of the participant's three year final average monthly salary, as defined in the Ordinances and labor agreements as the three highest consecutive years, multiplied by the number of years of credited service. Except for represented deputy sheriffs and elected officials, employees whose membership in the ERS began before January 1, 1982, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.

The amount of normal retirement benefit payable for represented deputy sheriffs hired before July 1, 1995 is equal to 2.5% and hired after June 30, 1995 is 2.0% times the participant's five-year final average monthly salary, as defined in labor agreements, multiplied by the number of years of credited service.

The amount of normal retirement benefit payable for a participant whose continuous membership began after January 1, 1982 is as follows: 2.5% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed

Note 15- Employee Retirement Systems and Pension Plans (Continued)

Plan Description and Provisions (Continued)

in the Executive Compensation Plan and DA investigators hired before July 1, 1995; 2% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan, DA investigators hired after June 30, 1995; 2% for elected officials, firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Those employees whose membership in the ERS began after December 31, 1981, or for a non-represented Deputy Sheriff, whose service began after June 30, 1995, will have all service credited after January 1, 2001 with a .5% multiplier. Also, for each year of pension service earned after January 1, 2001, eight years of service earned prior to January 1, 2001, shall be credited with an additional .5% multiplier.

Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2.0% COLA of the benefit paid for the first full month of retirement. However, the maximum benefit payable, excluding any post-retirement increases, to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

Beginning in 2001, the ERS also provides for a "back drop" pension benefit that permits an employee except for represented deputy sheriffs, to receive both a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The backdrop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. In addition the member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the backdrop date. Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the backdrop pension benefit and individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier. Most represented employees who were hired after February 1, 2007 are not eligible to receive back drop pension benefits. All benefit payments under the plan are subject to the limitations prescribed by Section 415 of the IRS Code.

Participants should refer to applicable ordinances or labor agreements for more complete information.

Note 15- Employee Retirement Systems and Pension Plans (Continued)

Plan Description and Provisions (Continued)

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9th Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

OBRA 1990 Retirement System of the County of Milwaukee (OBRA) – The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the ERS. Assets of the OBRA system are commingled for investment purposes with the assets of the ERS. The OBRA system is a single-employer defined benefit pension plan that is non-contributory

The normal retirement benefit is payable upon request of any participant that has attained age 65. The amount of the normal retirement benefit is equal to one-twelfth of 2% of the participants average compensation multiplied by years of service (not in excess of 30). Average compensation is equal to the total earnings accumulated during the participant's employment with the County for years subsequent to December 31, 1991.

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9th Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

Summary of Significant Accounting Policies- Pension Fund

Basis of Accounting – The financial information of the ERS was prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. On an annual basis, the County performs an actuarial valuation of the plan's assets and liabilities.

GASB Statement No. 50- In fiscal year 2008 the ERS implemented provisions of GASB Statement No. 50- Pension Disclosures, and Amendment of GASB Statements No. 25 and No. 27. This statement requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuation on which reported information about the Annual Required Contribution (ARC) and the funded status and progress are based. The schedules of funding

Note 15- Employee Retirement Systems and Pension Plans (Continued)

Summary of Significant Accounting Policies- Pension Fund (Continued)

progress present multiyear information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Expenses – ERS administrative expenses incurred by the County are payable by the ERS to the County in the year incurred. Such expenses totaled $ 1,031, in 2008, respectively. The County then reimburses the ERS for the expenses, with interest, ratably over a ten-year period.

Investments – Investments, primarily stocks, bonds, certain governmental loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the ERS's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Assets of the OBRA are commingled for investment purposes with the assets of the ERS.

Valuation of International Securities– Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Security Lending – The Milwaukee County Employees' Retirement System is authorized by County Ordinance and Board of Trustee policies to lend its investment securities. The ERS"s custodian manages the securities lending activity. The Securities Lending Agreement may be terminated at anytime by either party upon written notice to the other party. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. There are no income distributions owing on the securities lent. The average term of loans is one week.

The ERS participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial

Note 15- Employee Retirement Systems and Pension Plans (Continued)

Summary of Significant Accounting Policies- Pension Fund (Continued)

transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the programs and the ERS, according to agreed upon rates. For 2008, the net investment income realized from the security lending was $ 541.

Securities loaned and the collateral held as of December 31, 2008 were as follows:

Fair Value of Securities Loaned:	$	37,681
Fair Value of Collateral:	$	38,493
Percent Collateral to Securities Loaned:		102.16%

The collateral received from security lending transactions is recorded as assets at quoted fair value on the financial statement date. The ERS records an identical amount as a liability, representing the obligation of the ERS to return the collateral at the time the borrower of the ERS's securities returns those securities.

The collateral received from securities lending transactions includes cash of $ 37,445 and U.S. Treasury securities of $ 1,048, for the year ending December 31, 2008. Under the terms of the securities lending agreement, the ERS has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of $ 1,048 for the year ended December 31, 2008 is controlled by the custodian and, correspondingly, is not reflected in the financial statements.

2008 Changes in Plan Provisions or Actuarial Assumptions

- Changed maximum period for backdrop period to earliest unreduced benefit.
- Increased annual compensation limit to $ 230.
- Increased annual benefit limit to $ 185.